GOVERNMENT OF INDIA
POWER
LOK SABHA

STARRED QUESTION NO:101
ANSWERED ON:07.03.2002
SETTLEMENT OF ENRON ISSUE
HARIBHAI PARTHIBHAI CHAUDHARY;JAGMEET SINGH BRAR

Will the Minister of POWER be pleased to state:

(a) whether Enron has decided to give up all the projects;

(b) if so, the projects likely to be affected as a result thereof;

(c) whether financial institutions are incurring a huge loss on account of delay in completion of phase-II and stoppage of power generation from phase-I of DPP;

(d) whether any meeting was held with US authorities and if so, the details thereof; and

(e) the further steps taken by the Union Government to early resolve the Dabhol dispute?

Answer

THE MINISTER OF POWER (SHRI SURESH P. PRABHU)

(a) to (e) : A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (e) OSTARRED QUESTION NO. 101 TO BE ANSWERED IN TI LOK SABHA ON 7.03.2002 REGARDING SETTLEMENT OF ENRON ISSUE.

(a) & (b) : Enron Corp. and the other off-shore sponsors of the Dabhol PowerCompany (DPC) have been indicating their intention to quit the 2184 MW Dabhol Power Project-cum LNG regasification terminal being developed by them in Maharashtra.

Enron, in October, 2000, had informed the Ministry of Petroleum &Natural Gas that due to their restructuring and prioritization of activities, they proposed to divest their interest in exploration and production of oil and gas in some countries including India.

(c) & (e) : The primary responsibility for finding a solution to the various issues presently surrounding the project lies with the two parties to the Power Purchase Agreement (PPA) viz., Maharashtra State Electricity Board (MSEB) andDPC as also with the Government of Maharashtra (GOM), who have guaranteed the payment obligations of MSEB to the DPC under the PPA. However, the Government of India (GOI), who have issued a counter guarantee covering phase- I, has agreed to facilitate early resolution of the issues. The Indian FinancialInstitutions (IFIs) have initiated the selection process for identifying new sponsorsto purchase the equity of the project.

(d) : Representatives of the US Government have been interacting with Government of India on issues relating the Dabhol Project.